

**BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN**

Joint Application of Wisconsin Electric Power)
Company, as an Electric Public Utility, for Authority to)
Construct a New Distribution Substation and Related)
Electric Distribution Facilities in the City of)
Wauwatosa and American Transmission Company,)
LLC, as an Electric Public Utility, for Authority to)
Construct Related 138 kV Electric Transmission)
Facilities in the Cities of Milwaukee and Wauwatosa,)
all in Milwaukee County, Wisconsin (Western)
Milwaukee County Electric Reliability Project))

Docket No. 5-CE-139

EX.-ATC-JACKSON-3

Two Madison area office land sales within the American Center Office and Business Park will serve as subject properties for this set of paired sales analyses. These properties are both located within 500 feet of a high voltage electric transmission line and their sales prices would reflect the impact, if any, of transmission line proximity. The American Center is located in the northeast Madison submarket in between Interstates 39/90/94 and US Highway 151. The park has good visibility from and access to the two major thoroughfares. The American Family Insurance Group has developed the office park since the mid-1990s, and the land is fully equipped with electrical service, municipal water, sewer, and natural gas. The common location of these land sales within the same office park allows for more direct analysis of any potential value impacts from the transmission lines.

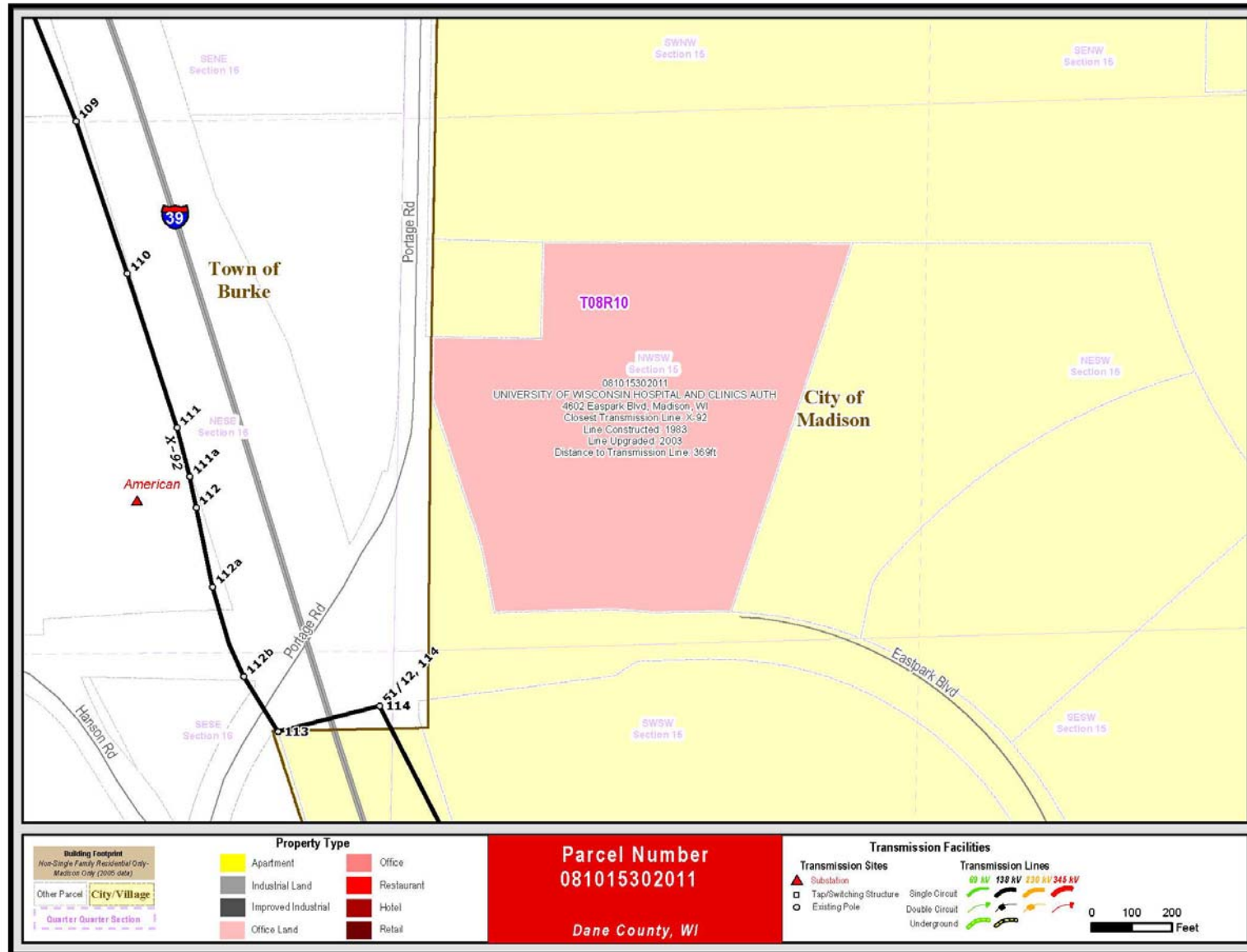
Office Land Subject #1: 4602 Eastpark Boulevard, Madison: A 16.54 acre corner lot sold in September 2005 for \$3,403,500, or **\$4.72 per square foot**. A representative of the seller confirmed that the sale was arms-length with no unusual sales conditions. He said that the purchase was a cash deal and that the buyer bought this land as part of a 42 acre assemblage of land to construct a medical complex. According to the seller, the buyer plans to break ground for the complex in late 2012. The parcel is located along the northwest edge of the park, with excellent access to and from I-39/90/94.

A single circuit 138 kV electric transmission line is located across I-39/90/94, 369 feet to the west of the property. The lines are fully visible from all areas of the lot and were constructed in 1983 and upgraded in 2003, prior to the 2005 sale. The seller said that the transmission lines were never discussed during the sale negotiations.





Ex.-ATC-Jackson-3

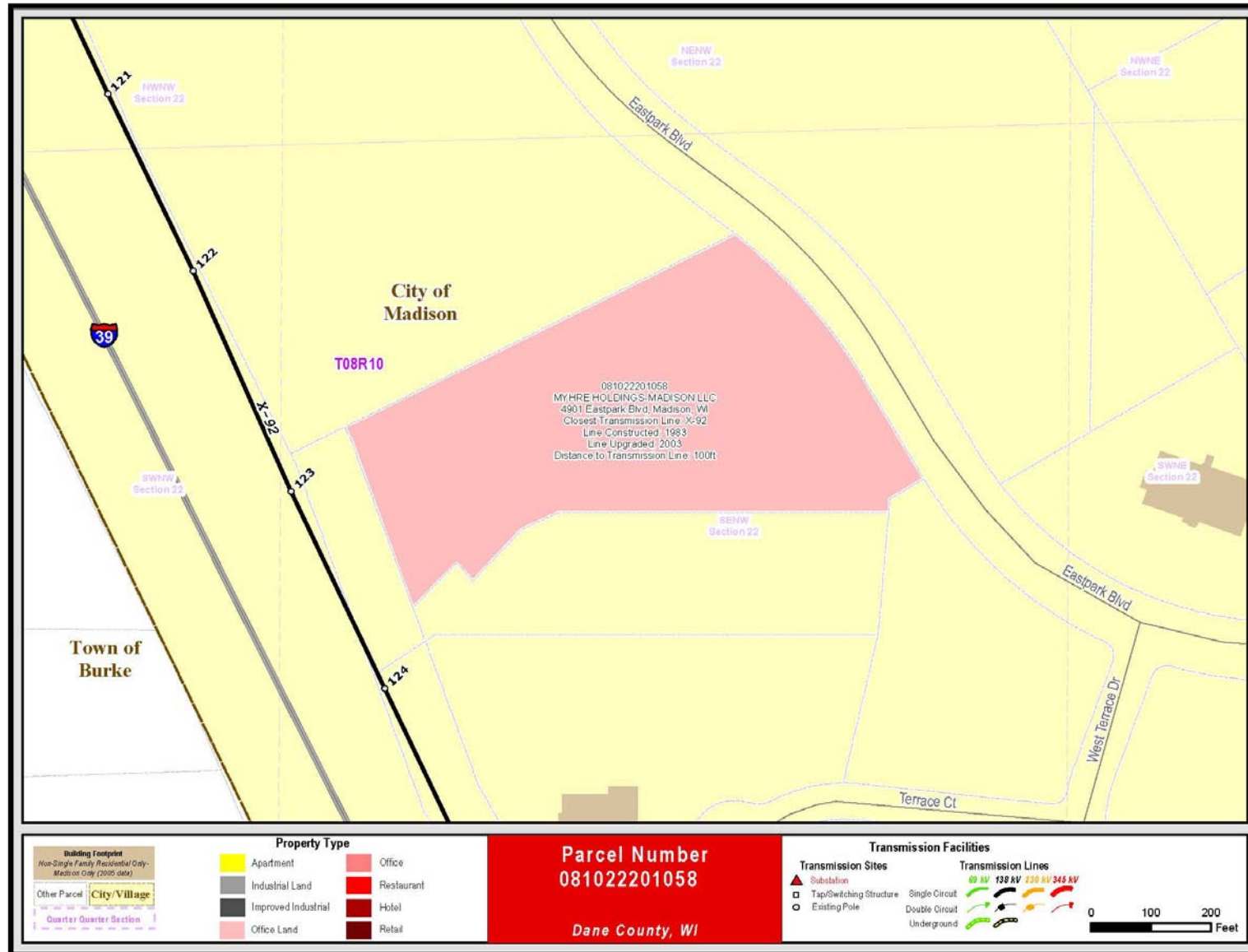


Office Land Subject #2: 4901 Eastpark Blvd, Madison: 7 acres sold in May 2009 for \$1,600,000, or **\$5.25 per square foot**. A representative of the seller confirmed that the sale was arms-length with no unusual sales conditions. The buyer immediately began construction of a 31,246 SF Globe University building, which was completed later in 2009. The parcel sits on the west side of the park towards I-39/90/94.

A single circuit 138 kV electric transmission line is located to the west of the property at a distance of 100 feet. The lines are clearly visible from the parking lot and from the westward facing suites in the building. The line was constructed in 1983 and upgraded in 2003, prior to the 2009 sale. The seller said that the transmission lines did not affect the land sale as far as he knew.



Ex.-ATC-Jackson-3



Paired Sales: The first comparable sale was a 7.88 acre corner lot at 5202 Eastpark Boulevard that sold in April 2007 for \$1,520,000, or **\$4.43 per square foot**. The owner confirmed that the sale was arms-length with no unusual sales conditions. He bought this land and constructed 70,577 SF of office space in three general office buildings later in 2007. The parcel is located at the center of the park.

The second comparable sale included 3 acres at 5201 East Terrace Drive that sold in December 2008 for \$576,000, or **\$4.41 per square foot**. The listing broker confirmed that the sale was arms-length with no unusual sales conditions. The buyer constructed a 61,236 SF, 3-story, Class-A office building on the parcel, which was completed in 2009. The broker said that the land was on the market for 510 days, because the seller was reticent to drop the price point to a comparable level with the 300 other acres for sale in the same American Center office park. Eventually the seller did lower the asking price and was able to sell the property. The parcel is located on the east side of the park toward Highway 151.

The third comparable sale included 13.61 acres at 4654 Eastpark Boulevard that sold in March 2007 for \$2,809,800, or **\$4.74 per square foot**. A representative of the seller confirmed that the sale was arms-length with no unusual sales conditions. He said that the purchase was a cash deal and that the seller bought this property as a part of its 42 acre assemblage intended to house a future medical complex. This parcel is adjacent to the subject at 4602 Eastpark Boulevard (see above) and the comparable at 4702 Eastpark Boulevard (see below) in the northeast corner of the park. It has excellent access to and from I-39/90/94.

The fourth comparable sale of 11.357 acres at 4702 Eastpark Boulevard sold in June 2009 for \$2,615,300, or **\$5.29 per square foot**. The broker confirmed that the sale was arms-length with no unusual sales conditions. He said that the purchase was a cash deal and that the buyer purchased this property as a completion of its 42 acre assemblage intended to house a future medical complex. This parcel is adjacent to the subject at 4602 Eastpark Boulevard and the comparable at 4654 Eastpark Boulevard (see above) in the northeast corner of the park. It has excellent access to and from I-39/90/94.

The fifth comparable land sale of a 1.51 acre corner lot at 5302 Buttonwood Drive sold in June 2009 for \$355,000, or **\$5.40 per square foot**. The listing broker confirmed that the sale was arms-length with no unusual sales conditions. The seller bought this land in order to construct a 16,860 SF oral surgery office center. The building was completed in 2009. Mr. Winter said that the corner lot was oddly shaped but fit the buyer's needs. The lot is located in the center of the park.

The five office land comparables indicate a market range of \$4.41 to \$5.40 per square foot. The range for the two subjects is from \$4.72 to \$5.25 per square foot. The price range of the comparables brackets both of the subject properties.

Table 11. Summary of American Center Office Park Land Sales								
Property Address	Category	Sale Date	Sale Price	Lot Size (Acres)	Lot Size (SF)	Price per SF	Access from Highway	Corner Lot
4602 Eastpark Blvd	Subject	Sept 2005	\$3,403,500	16.54	720,332	\$4.72	Excellent	Yes
5202 Eastpark Blvd	Comp	Apr 2007	\$1,520,000	7.88	343,252	\$4.43	Good	Yes
4654 Eastpark Blvd	Comp	Mar 2007	\$2,809,800	13.61	592,875	\$4.74	Excellent	No
5201 E Terrace Dr	Comp	Dec 2008	\$576,000	3.00	130,682	\$4.41	Good	No
4901 Eastpark Blvd	Subject	May 2009	\$1,600,000	7.00	304,920	\$5.25	Good	No
4702 Eastpark Blvd	Comp	June 2009	\$2,615,300	11.36	494,711	\$5.29	Excellent	No
5302 Buttonwood Dr	Comp	June 2009	\$355,000	1.51	65,689	\$5.40	Good	Yes

Table 11, above, summarizes some of the details of the subject and comparable office land sales and lists them in ascending order of sale date. All of the subjects and comparables share the same general location within the American Center Office and Business Park in the northeast Madison submarket). As can be seen in the table, the price per square foot of land tends to increase with time, which is consistent with the Dane County commercial land appreciation from 2005-2009 indicated by the Wisconsin Department of Revenue. The subject property at 4602 Eastpark Boulevard and the two comparables at 4654 and 4702 Eastpark Boulevard were all purchased as an assemblage and have excellent access directly from I-39/90/94. Thus, their slight price premium over other similar parcels is justified. **Analysis of the two subject (\$4.72 to \$5.25 per square foot) and five comparable sales (\$4.41 to \$5.40 per square foot) indicates that land within the American Center Office and Business Park experienced steady appreciation between 2005 and 2009. Buyers generally paid premiums for easy access to the surrounding**

highways, corner lots, and smaller parcels. There is no evidence to suggest that any value diminution is attributable to the presence of transmission lines.